

### REMARKS

The Application has been carefully reviewed in light of the Office Action dated March 16, 2004 (Paper No. 4). Claims 10 to 14, 22 and 24 to 26 are in the application, of which Claims 10 and 22 are the independent claims. Claim 23 is being canceled without prejudice or disclaimer of the subject matter. Claims 10, 23 and 24 to 26 are being amended. Reconsideration and further examination are respectfully requested.

Applicant gratefully acknowledges the indication in the Office Action that Claims 10 to 14, 23, 24-26/10-14 and 24-26/22 recite allowable subject matter.

Claims 10 to 14, 24/10-14, 25/10-14 and 26/10-14 are rejected under 35 U.S.C. § 112, second paragraph. In response, Claim 10 is amended to recite that each thresholding mask has a limited number of threshold levels. Reference is respectfully made to the description found in the application commencing at page 22, line 24.

Reconsideration and withdrawal of the rejection is respectfully requested.

Claims 22 and 24-26/22 are rejected under 35 U.S.C. § 102(b) over U.S. Patent No 5,627,659 (Kakutani). Without conceding the correctness of the rejection, Claim 22 is being amended to include the allowable subject from Claim 23. Accordingly, reconsideration and withdrawal of the rejection of Claims 22 and 24-26/22 are respectfully requested.

No other matters being raised by the Office Action, the entire application is believed to be in condition for allowance and such action is respectfully requested at the Examiner's earliest convenience.

Applicant's undersigned attorney may be reached in our Costa Mesa,

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Respectfully submitted,

  
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